

## EXPORT ROADMAP — MILESTONE 1

### How to Start Exporting from India: A Complete 12-Step Beginner-Friendly Guide

By CA Devesh Thakur

Exporting from India is not just a business opportunity — it is a contribution to India's economic growth, global trade presence, and job creation. As a Chartered Accountant and export educator, my mission is to **simplify international trade for every Indian entrepreneur**.

This blog is part of my **6-Milestone Export Roadmap Series**, and today we begin with **Milestone 1: Setting up the Foundation for Your Export Business**.

Whether you're a student, trader, manufacturer, or aspiring entrepreneur — this guide gives you every essential step you must follow before your first shipment leaves India.

#### STEP 1: Choose the Right Business Structure

Your export journey begins with establishing a **legal business entity**. This structure determines your compliance requirements, bank documentation, liability, taxation, and credibility before international buyers.

Common structures for exporters:

Business Type	Best For	Key Advantages
Sole Proprietorship	Beginners with small scale	Easy setup, minimal compliance
Partnership Firm	Family/Joint ownership	Shared capital & responsibilities
LLP (Limited Liability Partnership)	Professional exporters	Limited liability + flexibility
Private Limited Company	Serious long-term exporters	Global credibility, investor-friendly

**Export Tip:** If you aim to build a brand or deal with large buyers, **Pvt Ltd or LLP** boosts global trust.

#### STEP 2: Open a Current Account with an Authorised Dealer (AD) Bank

All export payments come in **foreign currency**, and RBI authorizes only certain banks to handle such transactions — known as **Authorised Dealer Category-I Banks**.

You must open a **Current Account** in your business name.

Documents needed:

- PAN of the business
- Proof of business registration
- Address proof
- GST registration (if applicable)

- Cancelled cheque

### Why this matters?

Export finance, inward remittances, bill discounting, and FEMA compliance all require an AD bank account.

## 🔑 STEP 3: Obtain Your IEC (Importer Exporter Code)

No exporter can ship goods outside India without an **IEC**.

It is issued by the **DGFT (Directorate General of Foreign Trade)** and is mandatory for:

- Customs clearance
- International payments
- Export incentives
- Shipping documentation

### Key Facts:

- IEC is **PAN-based**.
- Lifetime validity.
- Apply online on DGFT portal using Aadhaar OTP.

IEC = Your ticket to global markets.

## 📦 STEP 4: Product Selection + ITC-HS Code Classification

Every export product must be correctly identified and classified under the **ITC-HS (Indian Trade Classification – Harmonised System)**.

Why HS code matters:

- Determines **customs duty**, restrictions & compliance
- Required for **shipping bill, invoice, certificates, inspection, pricing**, etc.
- Helps verify whether your product is **freely exportable, restricted, or prohibited**

Structure of HS Code:

- First 2 digits → Chapter
- Next 2 → Heading
- Next 2 → Subheading
- Final 2 → Specific tariff line

### Export Tip:

Incorrect HS code classification can delay shipments or cause penalties.

## STEP 5: Conduct Market Research & Find Buyers

Once your product is finalized, the next step is to identify the right **target countries & buyers**.

Reliable sources for buyer identification:

- **DGCIS Export Data**
- **Export Promotion Councils (EPCs)**
- **Indian embassies abroad**
- **Trade fairs/expos**
- **Global B2B portals:** Alibaba, IndiaMART, Global Sources, TradeIndia
- **Social platforms:** LinkedIn outreach, Instagram marketing

Research Points:

- Country demand
- Competitor pricing
- Logistics feasibility
- Import regulations of target country

Good research = Higher success rate.

## STEP 6: Samples, Pricing Strategy & Incoterms 2020

International buyers usually request **samples** before confirming the order. Maintain consistent quality, packaging, and branding even for samples.

### **Export Pricing Must Include:**

- Cost of production
- Packaging
- Inland transport
- CHA charges
- Freight (Air/Sea)
- Insurance
- Banking charges
- Commission (if any)

### **INCOTERMS 2020 — The Language of Global Trade**

Incoterms define responsibility for **cost, risk, and logistics** between buyer and seller.

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Commonly used:

- **FOB (Free on Board)** – Seller responsible till cargo is loaded on ship
- **CIF (Cost Insurance Freight)** – Seller handles freight + insurance till destination port
- **DAP/DDP** – Seller handles almost everything till buyer's premises

Choosing the right Incoterm protects your profit margin.

## STEP 7: Secure Yourself with ECGC Risk Cover

Exporting involves risks like:

- Buyer default
- Country political/economic instability
- Payment delays

To protect exporters, the **Export Credit Guarantee Corporation (ECGC)** provides insurance:

- **Standard Policy**
- **Shipment Policy**
- **Buyer-wise policies**
- **Whole turnover post-shipment insurance**

This is essential for new exporters to avoid financial shocks.

## STEP 8: Prepare Mandatory Export Documentation

Export documents are the backbone of international trade. Accuracy is non-negotiable.

### Key Mandatory Documents:

- **Commercial Invoice**
- **Packing List**
- **Shipping Bill**
- **Bill of Lading (BL)/Airway Bill (AWB)**
- **Certificate of Origin (CoO)**
- **Insurance Certificate**
- **Inspection Certificate** (if required)
- **Letter of Credit (LC) or Bill of Exchange**

Mistakes in documentation can stop your cargo at customs — so always double-check.

## STEP 9: Hire a Freight Forwarder & CHA

A **Freight Forwarder** simplifies your logistics.

They help with:

- Booking containers
- Air/Sea freight
- Warehousing
- International routing
- Customs coordination
- Documentation & packaging advice

A **CHA (Customs House Agent)** handles customs clearance, HS code compliance, and regulatory filings.

Both are crucial partners in your export success.

## STEP 10: Understand Export Finance (Pre & Post Shipment)

Export finance helps you maintain cash flow until payment arrives from the foreign buyer.

### 1. Pre-Shipment Finance (Packing Credit)

For:

- Raw materials
- Packaging
- Production
- Labour

### 2. Post-Shipment Finance

For:

- Bill discounting
- Negotiation under LC
- Export bills purchase

Banks offer lower interest rates for exporters as per RBI guidelines.

## **STEP 11: Export Packaging & Labelling Standards**

Export packaging is not normal packaging — it must withstand:

- Long-distance transportation
- Moisture
- Handling pressure
- International climate conditions

Labels must include:

- Shipper & consignee details
- Country of origin
- HS code
- Handling instructions
- Weight & dimensions

**Tip:** Poor packaging = cargo damage = claim disputes.

## **IN STEP 12: Know the Export Promotion Benefits**

Indian exporters receive multiple incentives and support:

### **Export Promotion Councils (EPCs)**

There are **27 councils**, each supporting a specific product sector.

### **RCMC Registration**

Mandatory to avail EPC benefits.

### **Government Schemes:**

- **MAI Scheme (Market Access Initiative)**
- **TMA (Transport and Marketing Assistance)**
- **Export incentives for e-commerce exports up to ₹10 lakh value**

These schemes reduce overall cost and improve competitiveness.

 **TABLE: Full Forms of Key Export Terms**

Short Form	Full Form
IEC	Importer Exporter Code
DGFT	Directorate General of Foreign Trade
HS Code	Harmonised System Code
ITC-HS	Indian Trade Classification – Harmonised System
DGCIS	Directorate General of Commercial Intelligence & Statistics
EPC	Export Promotion Council
CHA	Customs House Agent
FOB	Free On Board
CIF	Cost Insurance Freight
LC	Letter of Credit
BL / B/L	Bill of Lading
AWB	Airway Bill
CoO	Certificate of Origin
ECGC	Export Credit Guarantee Corporation
AD Bank	Authorised Dealer Bank
RCMC	Registration Cum Membership Certificate
MAI	Market Access Initiative

 **Connect With Me**

I, **CA Devesh Thakur**, have started this initiative to simplify exporting for Indians who wish to go global.

If you wish to learn exports, follow updates, or reach out for guidance, connect with me:

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